

COMMONWEALTH OF MASSACHUSETTS

Annual Economic Development Summit

Choosing to Compete in the 21st Century

www.mass.gov/compete



SUMMIT OBJECTIVES

HIGHLIGHT PROGRESS

HEAR FROM KEY STAKEHOLDERS

DEVELOP NEXT STEPS

FOLLOW UP & COMMUNICATE

THE THREE THINGS TO REMEMBER

1. The State has an Economic Development Plan
 2. You can learn all about it @ www.mass.gov/compete
 3. We are working to implement the Plan every day
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CHOOSING TO COMPETE IN THE 21ST CENTURY

Public

Private

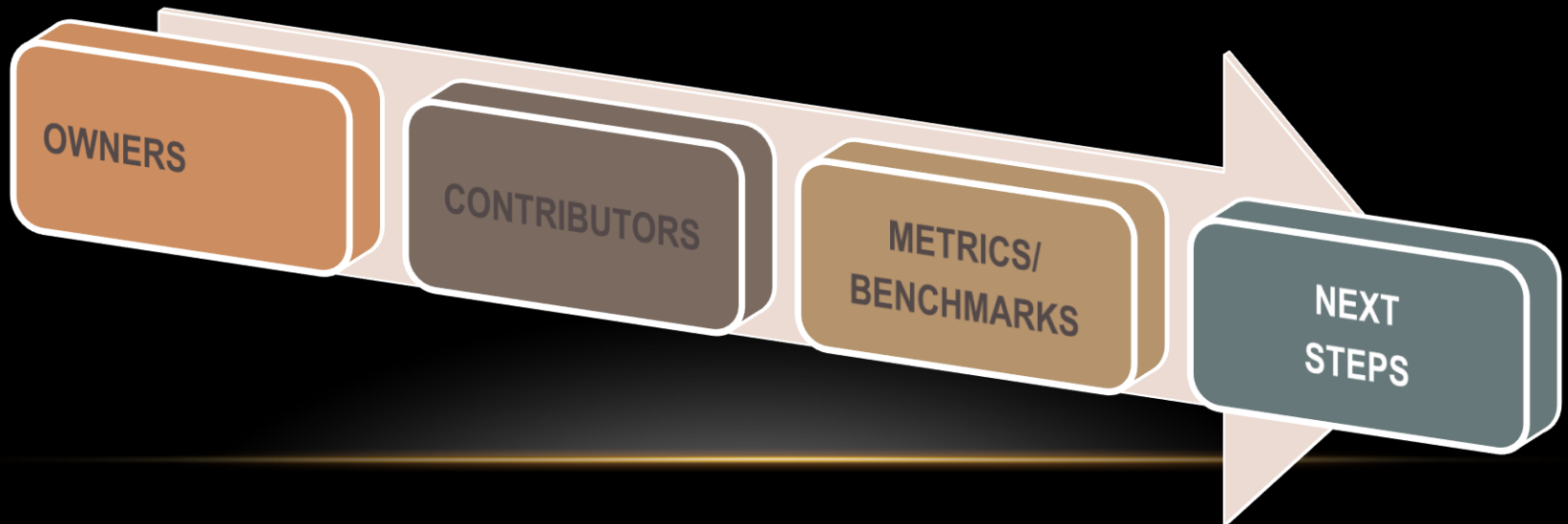
Academic

- Advance Education and Workforce Development for Middle Skills Jobs
- Support Innovation and Entrepreneurship
- Support Regional Development
- Increase the Ease of Doing Business
- Address Our Cost Competitiveness

Mass.gov/compete

PROCESS

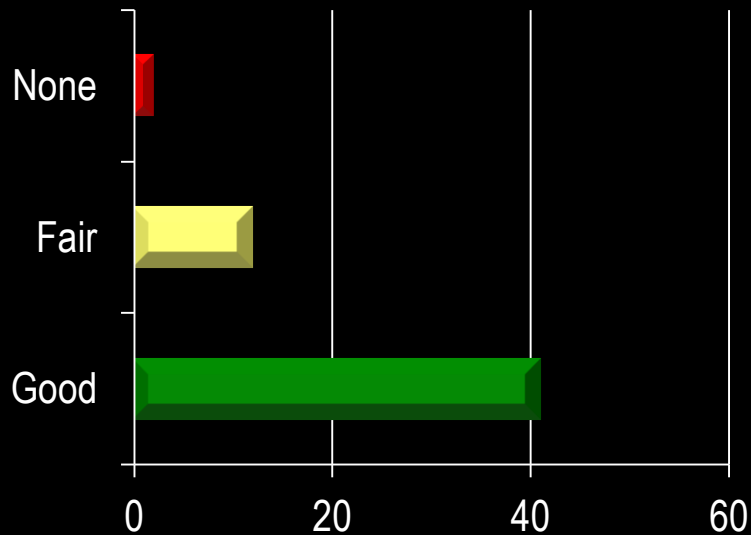
- Owners and Contributors assigned to each of the 55 Action Items
- Action Items have Metrics, Benchmarks and Next Steps identified
- Five Year Perspective



YEAR ONE ASSESSMENT – 55 ACTION STEPS

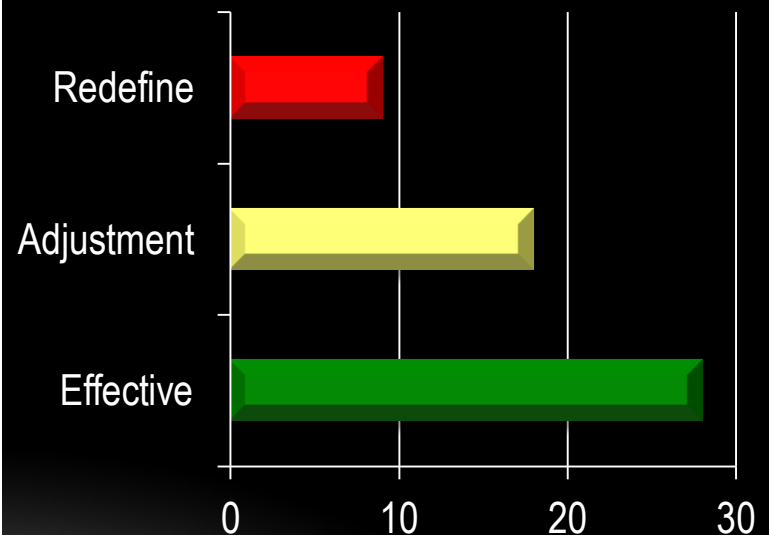
Progress

Strengthening the Foundation



Metrics Management

Sharpening the Tools



BUILDING TALENT

1. Advance Education and Workforce Development for Middle Skills Jobs Through Coordination of Education, Economic Development and Workforce Development Programs

➤ **1.2 Improve responsiveness of workforce programs for business and workers that will meet the demands of the marketplace**

Progress:

- ◆ Regional Labor Market Profiles issued by the Executive Office of Labor and Workforce Development, Commonwealth Corporation, and the New England Public Policy Center of the Federal Reserve
- ◆ Rolling Application Process for the Workforce Training Fund
- ◆ Rapid Response Incentive Grants -- \$500,000 for accelerated degree programs and/or working adult programs

INNOVATION AND ENTREPRENEURSHIP

2. Support Innovations and Entrepreneurship

➤ 2.3 Expand our Culture of Innovation

Progress

- ◆ Newly created position – Innovation Officer, Tony Parham
- ◆ Mass Office of Travel and Tourism – “Ask a Local” mobile App
- ◆ Valley Ventures Mentors– encourages start ups in Western Mass
- ◆ Haverhill Hardware Horizon – accelerator for manufacturing related start ups

SUPPORT REGIONAL DEVELOPMENT

3. Support Regional Development Through Infrastructure Investments and Local Empowerment

➤ 3.1 Make public infrastructure investments that support regional growth opportunities

Progress

- ◆ 26 MassWorks Infrastructure Grants totaling \$38 million
- ◆ Adopted local Infrastructure Development Program
- ◆ Adopted I-Cubed Program Expansion
- ◆ Streamlined District Improvement Financing
- ◆ Created Handbook for Infrastructure Financing for communities

EASE OF DOING BUSINESS

4. Increase Ease of Doing Business

➤ 4.1 Engage in ongoing state regulatory review

Progress

- ◆ Reviewed 446 regulations leading to 286 solutions
- ◆ Third round of review in progress
- ◆ Established Business Advisory Group
- ◆ 100% compliance with small business impact statements

EASE OF DOING BUSINESS

4. Increase Ease of Doing Business

➤ 4.2 Realign business development efforts

Progress

- ◆ Office of Performance Management & Oversight (OPMO)
 - Measures performance of 18 economic development agencies
 - Business Plans aligned with economic development plan
 - Annual Reports
- ◆ Regional Economic Development Organization Grant Program
 - Partnership with the Mass Office of Business Development
 - Business Expansion and Attraction

EASE OF DOING BUSINESS

4. Increase Ease of Doing Business

➤ 4.2 Realign business development efforts

Action Step

4.2.3 Building on recent legislative reforms, continue the consolidation of state economic development agencies

- ◆ No consolidations in 2012

EASE OF DOING BUSINESS

ONLINE BUSINESS PORTAL

Starting a Business

Regulations, Licenses & Permits

Counseling & Assistance

Funding & Financing ▶

Hiring & Managing Employees ▶

Taxes ▶

Doing Business with the Government ▶

Why Massachusetts?

Small Business Guides



Are you doing business in Massachusetts or just getting started? Our one-stop business portal has information, tools, and more - all intended to help you succeed in the Commonwealth.

★ TOP RESOURCES

BUSINESS GUIDE TO...



Tax Rules & Regulations

BUSINESS GUIDE TO...



Funding & Financing

Most Requested

Quarterly Wage Records Filings

Tax Webfile for Business

Licenses by Business Type

Professional License Search

Step by Step Guide to Starting a Business

Online Tools

Quarterly Wage Records Filings

Unemployment insurance is an important part of ensuring the economic well-being of your employees. Click here to create/login to a QUEST account and file your business's wage records.

Professional License Search
Many service professionals are licensed by the state. Search for existing license holders.

www.mass.gov/business

COST COMPETITIVENESS

5. Address our Cost Competitiveness

➤ 5.3 Manage the Impact on business of long-term cost pressures within state and local government

Progress

- ◆ Four year freeze on Unemployment Insurance
- ◆ January legislation filed
 - Unemployment Insurance freeze
 - Reducing or eliminating contributions to fund health care programs for low-income residents
- ◆ Pension Reform
 - Building on 2011 Reforms
 - OPEB Commission & Report

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BREAKOUT SESSIONS

Each Session Conducted Twice



Transportation & Economic Growth – Grand Ballroom

BREAKOUT SESSIONS

❑ WORKFORCE DEVELOPMENT

Discussion Leader Dale Allen, Vice President, Quinsigamond Community College

Facilitator Marybeth Campbell, Director of Education and Workforce Development

❑ TRANSPORTATION AND ECONOMIC GROWTH The Way Forward

Discussion Leader Richard A. Davey, Secretary and Chief Executive Officer, Mass Dept of Transportation

Facilitator David Mohler, Director of Planning, Massachusetts Department of Transportation

❑ INNOVATION ECONOMY

Discussion Leader Rosabeth Moss Kanter, Arbuckle Professor, Harvard Business School;

Facilitator Eric Nakajima, Assistant Secretary for Innovation Policy

❑ PLANNING AHEAD FOR JOB AND HOUSING GROWTH SESSION

Discussion Leader Lisa B. Alberghini, President, Planning Office of Urban Affairs

Facilitator Arthur Jemison, Deputy Undersecretary, Department of Housing and Community Development

❑ MANAGING COST SESSION Pension and Retiree Health Care Benefits

Discussion Leader Daniel O'Connell, President and CEO, Massachusetts Competitive Partnership

Facilitator Greg Mennis, Assistant Secretary for Fiscal Policy in the Mass Executive Office for Administration and Finance



DISCUSSION SUMMARY:

- Increase marketing of STEM careers and career awareness
- Building capacity in vocational schools
- Strengthening cognitive and communication skills

- ❑ Explore promotion and marketing for STEM jobs (build off work of STEM council)
- ❑ Implement an assessment tool at community colleges and one stop career centers to help understand skill levels of job seekers
- ❑ Increase capacity for space and equipment sharing and the instructor pool across the pipeline including vocational schools and community colleges



DISCUSSION SUMMARY:

- Promoting career advising along career pathways
- Matching local employer needs with skills and training
- Creating and promoting value of associate's degree

- ❑ Develop more industry specific technical training including hands on and learning by doing
- ❑ Explore expansion of post high school grad/GED career tech programs
- ❑ Promote online learning

NEXT STEPS



DISCUSSION SUMMARY:

- Linkages and Connections – cross industries (security, big data, creative economy, manufacturing), connecting small companies to large companies and established companies to new companies, connecting mentors to new companies, and companies from all over the state.
- Talent- Paid internships, opportunities for recent grads, housing,
- Funding-connecting to early stage seed/angel funding, support the linkages, and ways to test early stage ideas.
- Eco-System –diversity of sizes, industries, ethnic diversity. Support of accelerators and incubators. Established companies supporting collaborative efforts

- ❑ Create Connects: all parts of the state, with new industries, companies of all sizes and phases of development.
- ❑ Funding: Training on how to get funding and connections to angel/seed funding
- ❑ Post Event: LinkedIn Group to connect after meeting: Mass Innovation (NEW Group made in session)
- ❑ Benchmark Massachusetts incentives from a competitive standpoint
- ❑ Connect to expertise: the accelerators and incubators – best practices

NEXT STEPS



DISCUSSION SUMMARY:

- Start-ups and accelerators across the state – in all types of communities
- Incenting innovation in established businesses and making new connection between the established industries to companies in the “new economy”
- Linkages through innovation between colleges, accelerators, and businesses
- Generating opportunities for companies in EVERY industry. Innovation happens in all forms of business

- ❑ Set up accelerator for established businesses
- ❑ Generate new linkages among industries – food, video games, tech, manufacturing, etc.
- ❑ Help regions with unique economies think about start-up, innovation, and incubators
- ❑ Support innovation in all industries



DISCUSSION SUMMARY:

- “Inaction is lost opportunity”
- State investment in transportation over past 5 years has had a major positive impact on construction industry and has created a competitive environment giving state favorable pricing and conditions to build improvements
- Cost of “doing nothing” will increase fairs, impact the ability of regions to attract new businesses and put additional traffic on the roadways
- Improve transparency and predictability of the transportation system and planned improvements. This will help restore faith and confidence in system
- Link benefits of better public transportation to not only transportation users but also its impact on easing traffic congestion

- ❑ Technology has the ability to improve the transportation system and create efficiencies
- ❑ Create new partnerships to help enhance ridership and make better connections to transit (i.e. work with colleges to link student cards to MA public transit)
- ❑ Highlight the good examples (such as the Fast 14 projects) and use these successes as a model for all improvements
- ❑ Make better case for improved public transportation and the benefits to the entire Commonwealth



DISCUSSION SUMMARY:

- We cannot afford the system we have, let alone the one we want
- Massachusetts is a first class state but needs a first class transportation system to support our great institutions
- Build public trust in system by including performance management and implementing performance metrics
- Electronic tolling - benefits

- ❑ Implement electronic tolling
- ❑ Improve messaging around need for improving transportation
- ❑ Upgrade IT systems which will help address security, including cyber security, around the state's critical infrastructure

NEXT STEPS



DISCUSSION SUMMARY:

- Collaboration needed among state, local, business and community leaders to identify defined areas and facilitate the production of new housing.
- The cost and time to permit new housing is a barrier to multifamily housing developments.
- Should employers consider providing assistance to allow their workers to purchase homes near work?
- Other ideas: Construction labor practices, streamline foreclosure process.

- ❑ Business community can take a more active role in making the case that demographic trends require more workforce housing.
- ❑ More resources and flexible tools are required to fund affordable housing.

NEXT STEPS



DISCUSSION SUMMARY:

- We should encourage micro - units, both new and adaptive reuse.
- Need for workforce housing in order to retain young medical professionals.
- Local zoning/red tape is a barrier.

- ❑ Need land use reforms or incentives on state level to address local zoning.
- ❑ Use major institutions (education and healthcare) to convene local stakeholders to build support for workforce housing.

Managing Cost

Pension and Retiree Health Care Benefits

Group 1

NEXT STEPS



DISCUSSION SUMMARY:

- **Track Record on Benefits Reform**
 - Municipal Health Care Reform-July 2011,
 - Pension Reform- November 2011,
 - Retiree Health Insurance Reform- Legislation Filed January, 2013.
- **Addressing the urgent need for sustainable government, while taking into account;**
 - Commitment to Intergenerational Equity,
 - Create Competitive Compensation Packages to Attract and Retain Employees
 - Prudent Allocation of Taxpayer Dollars Among Critical Services
 - Alignment with Recent Changes to State and Federal Health Care Programs.
- **Acknowledge the unfunded liability that exists on a State and Local level, including, a Commonwealth system that faces a \$20+ Billion unfunded Pension liability.**
- **Recognize the differences between types of public sector workers and the need to create competitive compensation packages to attract and retain employees.**

- ❑ **Get Retiree Health Care Reform Legislation Passed.**
- ❑ **Continue to be Vigilante in Managing our Long term Liabilities.**
- ❑ **Evaluate Retirement Benefits Solutions that Maintain Benefits and Funding for Existing Programs but may Offer Greater Flexibility and Transparency**



DISCUSSION SUMMARY:

- Unfunded benefits represents one off the biggest fiscal challenges on a state and local level.
- The Massachusetts track record on Benefits Reform, especially Pension Reform, is one of the strongest of any State.
- Finding a solution that provides Sustainable Benefits that make sense for employers and taxpayers
- Recognize the need to bring all stake holders to the table in a meaningful and public way to address the need for Sustainable Government.
- Moving towards a system that retains our commitment to long term employees but allows for the necessary flexibility for short term employees.
- On the local level, there are differences in systems, but most are in a challenging position that need to address the issues surrounding Benefits Reform.

- ❑ Get Retiree Health Care Reform Legislation Passed.
- ❑ Continue to be Vigilante in Managing our Long term Liabilities.
- ❑ Evaluate Retirement Benefits Solutions that Maintain Benefits and Funding for Existing Programs but may Offer Greater Flexibility and Transparency